

GARY LOCKE
Governor



STATE OF WASHINGTON
OFFICE OF THE GOVERNOR

P.O. Box 40002 □ Olympia, Washington 98504-0002 □ (360) 753-6780 □ TTY/TDD (360) 753-6466

Media contacts:

Kirsten Kendrick, Governor's Communications Office, 360-902-4136;

Kate Sandboe, Washington State Department of Agriculture, 360-902-1815;

Jim Archer, Northwest Fruit Exporters, 509-576-8004

**Gov. Gary Locke, State Agriculture Director Praise Announcement of
New Apple Price Agreement with Mexico**

Locke's Two Mexico Trade Missions Credited with Helping Solidify Deal

OLYMPIA – Jan. 3, 2005 – Gov. Gary Locke and Valoria Loveland, director of the Washington State Department of Agriculture (WSDA), today praised the announcement of a new apple price agreement with Mexico that will help Washington apple growers sell more of their products to Mexico. The agreement sets aside extremely high tariffs on Red and Golden Delicious apples for exporters in the Northwest, allowing those apples to be exported duty-free into Mexico – the same as for all other varieties of apples.

Locke's two trade missions to Mexico in 1999 and 2004 as well as the governor's follow up meetings, correspondence and phone calls with Mexican officials are credited with helping solidify the deal.

The agreement was negotiated between Northwest Fruit Exporters of Yakima (NFE) and the Mexican government, with assistance from the Governor's Office, WSDA, the Washington State Apple Commission, the Mexican Consulate in Seattle and the office of the U.S. Trade Representative.

"This is great news for the apple industry in Washington state," Locke said. "This agreement is yet another example of how our trade missions, and the strong relationships that we establish during those missions, yield results for Washington farmers and businesses."

"This agreement is the product of a lot of hard work by a lot of people, especially Northwest Fruit Exporters who worked tirelessly on this issue for several years," Locke continued. "It is definitely a win-win for our apple growers and the people and the government of Mexico."

Loveland said, "The high quality of Washington's fruit has made it a favorite of Mexican consumers and importers, despite the burden of higher costs due to the anti-dumping tariffs and growing competition from Chile and Argentina. This agreement will enable Washington apples to become even more competitive in this important market."

Since 1997, Mexico has placed extremely high tariffs on U.S. Red and Golden Delicious apples, accusing U.S. producers of unfairly selling apples in Mexico at levels below the sales price for apples in the U.S. market (“dumping”). The initial anti-dumping duty was 101.1%. This duty was suspended by a prior agreement, which lasted about four years. Since August 2002, the tariff has been set at 46.58%.

Following the establishment of the new anti-dumping duty, Locke, WSDA and the Washington apple industry advocated for a new agreement for Washington apple exporters, which would improve access to the Mexican market.

The new agreement that sets aside the high tariffs takes effect Feb. 28, 2005, and will be in place for five years. It was published in Mexico’s Diario Oficial (equivalent of the U.S. Federal Register) last week. The agreement applies only to Pacific Northwest-area exporters of Red and Golden Delicious apples who are members of Northwest Fruit Exporters. Other exporters of U.S. Red and Golden Delicious apples to Mexico are still subject to the 46.58% tariff.

Jim Archer, manager of Northwest Fruit Exporters, said, “Mexico is an extremely important market for Northwest apples and has been the largest export receiver in the past several years. Northwest Fruit Exporters is very pleased to bring this protracted trade issue to conclusion.”

Mexico is the state’s number one foreign export market for apples and is among the top five markets for many of the state’s other agricultural commodities. Washington state exported \$607 million in products to Mexico in 2003, an increase of 40 percent from the previous year. During Locke’s eight years in office, the value of Washington’s average annual exports to Mexico is twice the amount as compared to the previous administration.

In addition to his two trade missions to Mexico where he discussed the issue with high-ranking Mexican government officials, including two presidents, Locke and members of his administration have sent numerous letters and placed several phone calls to Mexican officials, regarding the apple dumping tariffs. They also lobbied U.S. federal officials on the issue.

Mexican government officials involved in the apple price agreement praised Washington state’s policies, orchestrated by Locke, which support migrant farm workers from Mexico who are living in Washington. The officials said those policies were a key reason they were willing to negotiate the new agreement:

*In the summer of 1998, recognizing the critical demand for additional safe, decent and affordable housing for migrant agricultural workers, Locke declared farm worker housing to be the top housing priority in the state. In 1999, the governor won passage of legislation that makes available \$40 million during the next 10 years to increase housing opportunities for seasonal and migrant farm workers. Washington is the only state in the nation to provide assistance of this magnitude. So far, 1,005 temporary and permanent housing units for migrant workers have been established as part of the state’s three-pronged strategy of developing permanent low-income housing, supporting temporary camps, and responding to housing emergencies when they arise.

*In 2003, Locke signed legislation authorizing in-state tuition for all Washington state high school graduates who have lived in the state for at least three years. The legislation is intended to help undocumented high school students who are long-term residents of Washington state, have proven academic abilities and have hopes of attending colleges and universities in Washington

state. The governor vetoed an amendment to the bill that would have excluded children of undocumented migrant workers in the new law.

The new apple price agreement with Mexico is the latest news to result from the governor's two trade missions to Mexico, and the strong relationships he has cultivated with government leaders in Mexico.

Less than one month after the June 2004 mission, the Mexican government agreed to reopen its markets to previously suspended Washington's fresh potato shippers. Reinstating the suspended Washington shippers was one of the key priorities of the mission. Pest concerns had held up shipments from seven Washington state potato sheds since the market opened in April 2003. With those shippers reinstated, more Washington products are being allowed into Mexico.

As a result of the governor's August 1999 mission to Mexico – coupled with the efforts of U.S. Sen. Maria Cantwell and the Washington State Potato Commission – the historic first-ever shipments of fresh Washington potatoes were sent to Mexico in May 2003.

"I'm proud that we have been able to open new markets through our trade missions," Locke said. "We have created new jobs and opportunities for Washington farmers and businesses for years to come."

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